

## Message Text

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ACTION EB-11

INFO OCT-01 IO-14 ISO-00 OMB-01 TAR-02 SP-03 SWF-02 AGR-20

AID-20 CIAE-00 COME-00 INR-10 LAB-06 NSAE-00 OIC-04

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UNCLAS GENEVA 3352

E.O. 11652: N/A

TAGS: UNCTAD, ETRD

SUBJECT: UNCTAD: DRAFT RESOLUTION ON GSP AS RELATES TO MTN

REF: GENEVA 3333

1. FOLLOWING IS TEXT OF GROUP OF 77 (DEVELOPING COUNTRIES) DRAFT RESOLUTION ON GENERALIZED SYSTEM OF PREFERENCES AS IT RELATES TO MULTILATERAL TRADE NEGOTIATIONS TO BE TABLED AT SIXTH SESSION OF SPECIAL COMMITTEE ON PREFERENCES (TD/B/C 25/L.14):

QUOTE: THE SPECIAL COMMITTEE ON PREFERENCES, RECALLING THE PRINCIPLES PUT FORWARD BY THE DEVELOPING COUNTRIES IN CONFERENCE RESOLUTION 82(III) ON MULTILATERAL TRADE NEGOTIATIONS, IN PARTICULAR THAT

"1. (1) THE DEVELOPING COUNTRIES, COLLECTIVELY OR INDIVIDUALLY, SHALL NOT SUFFER, DIRECTLY OR INDIRECTLY, ADVERSE OR PREJUDICIAL EFFECTS AS A RESULT OF THESE NEGOTIATIONS. ON THE CONTRARY, THE NEGOTIATIONS SHALL PROVIDE THE DEVELOPING COUNTRIES WITH ADDITIONAL

BENEFITS THAT REPRESENT SUBSTANTIAL AND MEANINGFUL IMPROVEMENT OF THEIR POSITION IN INTERNATIONAL TRADE SO THAT THEY SECURE AN INCREASING SHARE IN THE GROWTH IN INTERNATIONAL TRADE COMMENSURATE WITH THE NEEDS OF THEIR ECONOMIC DEVELOPMENT ON THE UNCLASSIFIED

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BASIS OF NON-RECIPROCITY, NON-DISCRIMINATION AND PREFERENTIAL

TREATMENT;

(B) IF THE PREFERENTIAL ADVANTAGES ENJOYED BY DEVELOPING COUNTRIES ARE ADVERSELY AFFECTED BY THE RESULTS OF THESE NEGOTIATIONS, THE DEVELOPED COUNTRIES SHALL TAKE ADDITIONAL MEASURES TO COMPENSATE THE DEVELOPING COUNTRIES SO AFFECTED"; RECALLING FURTHER THE GATT MINISTERIAL DECLARATION ADOPTED IN TOKYO ON 14 SEPTEMBER 1973 WHICH STATES INTER ALIA THAT "THE MINISTERS RECOGNIZE THE NEED FOR SPECIAL MEASURES TO BE TAKEN IN THE NEGOTIATIONS TO ASSIST THE DEVELOPING COUNTRIES IN THEIR EFFORTS TO INCREASE THEIR EXPORT EARNINGS AND PROMOTE THEIR ECONOMIC DEVELOPMENT AND, WHERE APPROPRIATE, FOR PRIORITY ATTENTION TO BE GIVEN TO PRODUCTS OR AREAS OF INTEREST TO DEVELOPING COUNTRIES. THEY ALSO RECOGNIZE THE IMPORTANCE OF MAINTAINING AND IMPROVING THE GENERALIZED SYSTEM OF PREFERENCES. THEY FURTHER RECOGNIZE THE IMPORTANCE OF

THE APPLICATION PROVIDE SPECIAL AND MORE FAVOURABLE TREATMENT FOR THEM IN AREAS OF THE NEGOTIATION WHERE THIS IS FEASIBLE AND APPROPRIATE"; NOTING FURTHER THE PROGRAMME OF ACTION ON THE ESTABLISHMENT OF A NEW INTERNATIONAL ECONOMIC ORDER ADOPTED BY THE GENERAL ASSEMBLY AT ITS SIXTH SPECIAL SESSION, WHICH STRESSES THAT "MULTILATERAL TRADE NEGOTIATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES" SHOULD BE GUIDED BY THE PRINCIPLES OF NON-RECIPROCITY AND PREFERENTIAL TREATMENT OF DEVELOPING COUNTRIES IN MULTILATERAL TRADE NEGOTIATIONS BETWEEN DEVELOPED AND DEVELOPING COUNTRIES, AND SEEKING SUSTAINED AND ADDITIONAL BENEFITS FOR THE INTERNATIONAL TRADE OF DEVELOPING COUNTRIES, SO AS TO ACHIEVE A SUBSTANTIVE INCREASE IN THEIR FOREIGN EXCHANGE EARNINGS, DIVERSIFICATION OF THEIR EXPORTS AND ACCELERATION OF THE RATE OF THEIR ECONOMIC GROWTH;

CONSIDERING THAT THE REDUCTION OF TARIFFS ON AN MFN BASIS ON BOTH INDUSTRIAL AND AGRICULTURAL PRODUCTS INCLUDED IN THE GSP WILL ADVERSELY AFFECT THE PREFERENTIAL ADVANTAGES ENJOYED BY THE DEVELOPING COUNTRIES UNDER THE GENERALIZED SYSTEM OF PREFERENCES, UNLESS SPECIAL MEASURES ARE TAKEN IN THE NEGOTIATIONS TO PROVIDE SUFFICIENT ADDITIONAL BENEFITS TO THEM;

NOTING THE UNCTAD SECRETARIAT STUDY (TD/B/C.5/26) ON THE RELATIONSHIP BETWEEN THE GENERALIZED SYSTEM OF PREFERENCES AND MULTILATERAL TRADE NEGOTIATIONS WHICH PROVIDES USEFUL SUGGESTIONS AS TO THE POSSIBLE APPROACHES WHICH MAY BE ADOPTED AT UNCLASSIFIED

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THE MULTILATERAL TRADE NEGOTIATIONS FOR MAINTAINING AND IMPROVING THE GENERALIZED SYSTEM OF PREFERENCES;

URGES THE PREFERENCE-GIVING COUNTRIES PARTICIPATING IN THE MULTILATERAL TRADE NEGOTIATIONS TO TAKE SPECIAL MEASURES IN THE FORM OF PROGRESSIVE PREFERENTIAL LIBERALIZATION IN FAVOUR OF DEVELOPING COUNTRIES WITH A VIEW TO MAINTAINING AND IMPROVING TARIFF ADVANTAGES ENJOYED BY THE DEVELOPING COUNTRIES UNDER THE GENERALIZED SYSTEM OF PREFERENCES AND SECURING

ADDITIONAL BENEFITS FOR THESE COUNTRIES IN THE MTN AND TO THIS EFFECT TO AKE IN PARTICULAR THE FOLLOWING MEASURES:

(I) TO PROVIDE NET ADDITIONAL BENEFITS FOR THE TRADE OF DEVELOPING COUNTRIES, THROUGH IMPROVEMENTS IN GSP, AS WELL AS THROUGH TRADE CONCESSIONS IN MTN, TAKING INTO ACCOUNT THE ADVERSE EFFECTS FOR THEIR TRADE DUE TO THE EROSION OF THE BENEFITS UNDER THE GSP;

(II) TO BIND PREFERENTIAL MARGINS OF TARIFFS FOR PRODUCTS OF EXPORT INTEREST MAINLY TO DEVELOPING COUNTRIES INCLUDED IN THE GSP AND TO EXCLUDE SUCH PRODUCTS FROM MFN TARIFF REDUCTIONS;

(III) WHEN MFN REDUCTIONS ARE MADE ON PRODUCTS OF SUBSTANTIAL EXPORT INTEREST TO THE DEVELOPING COUNTRIES, TO REDUCE TO ZERO THE GSP RATE OF DUTY AND TO PHASE THE MFN REDUCTIONS OVER LONGER PERIODS;

(IV) TO PROVIDE DEEPER TARIFF CUTS ON PRODUCTS OF EXPORT INTEREST TO THE DEVELOPING COUNTRIES WHICH PREFERENCE-GIVING COUNTRIES

HAVE NOT INCLUDED NOR ARE LIKELY TO INCLUDE IN THE GENERALIZED SYSTEM OF PREFERENCES AND TO IMPLEMENT IN ADVANCE THESE TARIFF CUTS IN FAVOUR OF THE DEVELOPING COUNTRIES;

(V) TO ELIMINATE IN A PREFERENTIAL BASIS THE NON-TARIFF BARRIERS APPLIED TO PRODUCTS OF PARTICULAR INTEREST TO THE DEVELOPING COUNTRIES INCLUDED IN THE GSP.

DECIDES TO KEEP UNDER CONTINUOUS REVIEW DEVELOPMENTS IN THE MULTILATERAL TRADE NEGOTIATIONS RELATING TO TARIFFS IN VIEW OF THEIR IMPLICATION FOR THE GENERALIZED SYSTEM OF PREFERENCES;

REQUESTS THE SECRETARY-GENERAL OF UNCTAD TO DO LIKEWISE AND PREPARE NECESSARY STUDIES.

REQUESTS THE TNC OF GATT AND ITS WORKING GROUPS TO INVITE THE REPRESENTATIVE OF THE UNCTAD SECRETARIAT TO ATTEND THEIR MEETINGS AS APPROPRIATE. UNQUOTE.

2. USDEL BELIEVES DRAFT RESOLUTION IN MTN IS UNACCEPTABLE IN UNCLASSIFIED

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PRESENT FORM. THIS VIEW SHARED BY MOST GROUP B (DEVELOPED COUNTRIES). DELS, HOWEVER, RELUCTANT REFUSES NEGOTIATE ON RESOLUTIONS ON SUBJECT OF MTN AND WILL TRY PREPARE GROUP B COUNTER DRAFT. VIEWS OF USDEL ON TEXT OF DRAFT RESOLUTION OF GROUP OF 77 ARE CONTAINED BELOW. WE WILL FOLLOW THIS LINE IN CONTACT GROUP WHICH STARTS MAY 29 PENDING RECEIPT OF ANY COMMENTS DEPT. MAY WISH TO MAKE.

A. PREAMBLE. BELIEVE MOST PREAMBULAR PARAS ACCEPTABLE WITH MINOR MODIFICATIONS. HOWEVER, BELIEVE PENULTIMATE PREAMBULAR PARA WHICH CHARACTERIZES ADVERSE AFFECTS OF MTN SHOULD BE DELETED OR SUBSTANTIALLY MODIFIED; LAST PREAMBULAR PARA SHOULD ONLY TAKE NOTE OF SECRETARIAT STUDY AND NOT REFER TO ANY SUGGESTIONS CONTAINED THEREIN.

B. FIRST OPERATIVE PARA IS UNACCEPTABLE. IF LDCS INSIST ON RETENTION, BELIEVE SHOULD BE TAKEN NOT OF AS VIEWS OF LDCS.

C. SECOND, THIRD AND FOURTH OPERATIVE PARAS. BELIEVE  
ACCEPTABLE PROVIDED REFERENCE TO NON-DUPLICATION OF WORK OF GATT  
ADDED TO PARA 4.DALE

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## Message Attributes

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